# Exhibit 110

MDYS ZFF 000082

**REDACTED**

MOODY'S
INVESTORS SERVICE

## CREDIT OPINION
9 February 2016

Update

**RATINGS**

**ZUFFA, LLC**

| | |
|---|---|
| Domicile | Las Vegas, Nevada, United States |
| Long Term Rating | Ba3 |
| Type | LT Corporate Family Ratings - Dom Curr |
| Date | 22 May 2007 |
| Outlook | Stable |
| Date | 07 Feb 2013 |

*Please see the ratings section at the end of this report for more information.*


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# Zuffa, LLC

## Update to Discussion of Key Credit Factors

### Summary Rating Rationale

Zuffa LLC's Ba3 corporate family rating (CFR) reflects its position as the largest mixed martial arts (MMA) promotion company. This strong competitive position is protected by high barriers to entry, which include Zuffa's first mover advantage in structuring and organizing the sport, growing fan interest and loyalty with respect to UFC, brand strength in MMA, and its large contractually bound pool of fighters with superior opportunities for exposure and profit. Above average operating margins, which reflect the company's ability to leverage its existing premium MMA brands, lead to good free cash flow generation. Zuffa's growing but small scale relative to other Ba-rated media and entertainment companies and inherent risks associated with the company's event driven business model weigh on its credit profile. In 2014, results were heavily impacted by a slew of big name fighter injuries prior to the events which caused pay per view revenues to decline significantly below historical years. The company achieved dramatically improved EBITDA in the nine months ending Q3 2015 compared to the prior year period as pay per view revenue rebounded strongly which led to a reduction in leverage to 3.5x (including Moody's standard adjustments) as of Q3 2015 from 5.8x at the end of 2014. Moody's also recognizes the company's efforts in expanding and diversifying its revenue base through strategic partnerships. Though the majority owners have significant financial resources, they have a history of speculative financial-risk tolerance, which constrains upward rating pressure.

### Credit Strengths

» High barriers to entry, including strong brand recognition, support leading market position in the sport of mixed martial arts

» Consolidation among global competitors has helped to expand the company's scale, product, and geographic diversity

» Continued growth in contractual TV rights revenue has begun to gradually reduce the company's exposure to economic downturns but not sufficient to mitigate unforeseen incidents such as high profile injuries that impact events

» Variable fighter costs help drive operating flexibility and support higher margins relative to most major sports

### Credit Challenges

» Sensitivity to fighter injuries impacting events which contributed to weak operating results in 2014

» High financial risk tolerance of the company's owners

## Rating Outlook

The stable outlook reflects our expectation that Zuffa's EBITDA will continue to improve following a strong year in 2015 driven by PPV revenues, increased digital revenues, and domestic and international television rights fees. The outlook accounts for potential volatility in the company's credit metrics depending on timing and performance of its individual events. Debt levels are expected to increase due to the financing of the construction of its new corporate headquarters which we expect will lead to leverage remaining at current levels in 2016.

## Factors that Could Lead to an Upgrade

» Increasing mainstream acceptance of the MMA sport, while the company demonstrates consistent revenue growth and stable margin characteristics, such that it can sustain leverage under 2.5x and free cash flow-to-debt of above 20%, and

» Continued revenue diversification and an increase in contractual revenue that reduces volatility in operating metrics, and

» A strong liquidity profile.

## Factors that Could Lead to a Downgrade

» Lower revenue and free cash flow due to reduced fan interest, a major dividend, or debt financed acquisition resulting in debt-to-EBITDA over 4.0x, or

» An adverse legal judgment that materially impacts its operating model, or

» A deterioration in its liquidity position.

## Detailed Rating Considerations

HIGH BARRIERS TO ENTRY, INCLUDING STRONG BRAND RECOGNITION, SUPPORT LEADING MARKET POSITION IN THE SPORT OF MIXED MARTIAL ARTS

Zuffa is the largest promoter of organized MMA fighting events in the world under its UFC brand. The company's revenue base is small relative to other Ba-rated media and entertainment companies (average revenues for the Ba rated population exceeds $3 billion) but commanding industry position, good operating execution, efforts to enhance revenue diversity, and acquisitions have helped broaden its scale. Since UFC's acquisition by Zuffa in 2001, Zuffa has consolidated other weaker performing industry competitors under its umbrella, such as WEC in October 2006, WFA in December 2006, PRIDE in May 2007, and Strikeforce in 2011, which has further strengthened its market position and content library. The company owns all copyrights, trademarks and recordings for its brands, including the rights to The Ultimate Fighter, a reality series which airs in the U.S. on Fox Sports 1, and the trademarked Octagon cage.

Management has been able to transform the sport, from what was a collection of disorganized limited rules rumbles often unsanctioned by most states, by standardizing and conforming to rules that are consistent with those already sanctioned in most states. The rules help ensure safety by using referees, weight classes and limiting fights to either three or five rounds. Regular drug testing and physical examinations of all fighters was also implemented, which ensures the continuity and integrity of the MMA events. The company has been able to leverage its scale to offer comprehensive fighter insurance that smaller competitors may be unable to offer, and we believe that Zuffa has attracted and secured under exclusive contract most of the top highly trained fighters in the sport, which is a competitive advantage.

While we consider competition a relatively low risk, success breeds imitation. Moderate levels of disruption are expected from media companies with significant resources that invest in sports programming, like Viacom's (Baa2 senior unsecured rating) purchase in 2011 of Bellator Fighting Championships, a smaller competitor of UFC.

SENSITIVITY TO FIGHTER INJURIES IMPACTING EVENTS WHICH CONTRIBUTED TO WEAK OPERATING RESULTS IN 2014

Zuffa's results in 2014 were impacted by numerous injuries which resulted in fewer marquee fights and one less PPV event (relative to 2013) due to the cancellation of UFC 176, originally scheduled in August 2014. Revenues declined by 13% in 2014 and costs were relatively unchanged as expenses were incurred to support international growth initiatives and the launch of UFC Fight Pass. As a result of lower PPV buys and PPV event ticket sales as well as flat expenses, EBITDA declined by 44% in 2014 which caused leverage to increase to 5.8x (including Moody's standard adjustments) at the end of 2014. In prior periods, Zuffa has demonstrated higher than expected volatility in its credit metrics resulting from timing and performance of individual events as well as periodic increases in debt to fund acquisitions and dividends. Zuffa's leverage has varied from over 5.0x in 2007 to 2.6x in 2010, to 5.8x at the end of 2014, before declining to 3.5x as of Q3 2015. Zuffa's dependence on a limited number of events drives its volatility, and unexpected and unforeseen issues are an ongoing risk for the company, leaving the potential for occasional cash flow volatility. Efforts to improve the rehabilitation of fighters following an injury could lessen this impact over time.

The company had good success reducing leverage in the first nine months of 2015 as EBITDA improved by 64% since the end of 2014. Results were driven by a 104% increase in pay per view revenue compared to the prior year period. Pay per view revenue benefited from one additional event held compared to the prior year (10 events YTD through Q3 2015), more marquee events with fewer injuries to key fighters, and an increase in the price of pay per view content. Results also benefited from higher contractual domestic and international TV rights fees as well as UFC Fight Pass growth. Live event revenue benefited from growth in the number of tickets sold and higher ticket prices.

The company will continue to benefit from its 7-year television rights deal with Fox signed in 2011, with a larger portion of the cash flow and margin enhancement coming in the later years of the deal. Over the intermediate-term, we believe the company will repay only its required amortization of under $5 million per annum, help fund construction costs on its new headquarters, and distribute the remainder of its free cash flow to the shareholders including amounts intended to pay taxes attributable to Zuffa (as an LLC, the company's income is attributed to its owners who are responsible for paying the taxes).

## RISKS ASSOCIATED WITH COMPANY SIZE, SHORT HISTORY AND REVENUE CONCENTRATION BALANCED WITH STRATEGIC INITIATIVES TO EXPAND BEYOND PPV REVENUES

Zuffa's credit rating is constrained by its relatively modest size, its short history compared to other major sports, and dependence on sustaining the MMA sports' popularity gains. In the YTD period ended 09/30/2015, Zuffa derived approximately 76% of total revenues from content sales, a material portion of which comes from PPV events. The YTD period consisted of 10 PPV events, all of which were held in North America except one. The company has grown its international business, especially in Brazil, Europe, and Asia. International expansion will increase foreign exchange rate risk, but some of its international contracts are in US$ which reduces the impact of currency movements. In Moody's opinion, Zuffa continues to remain heavily dependent upon PPV event related revenues and vulnerable to cyclical economic downturns, although exposure to volatile sources of revenue has been declining and will continue to do so going forward.

The company has been taking significant steps in transitioning its operating model as it seeks to diminish reliance on variable sources of revenue and enable greater earnings stability. Since 2011, it has signed a number of significant multi-year television deals such as with Fox in the U.S., and Globo and Globosat in Brazil, which include contractual step ups in fees and/or minimum guarantees. Further, as part of its globalization efforts, the company launched the UFC Fight Pass in 2014, a subscription based digital service, which allows subscribers access to Zuffa's full MMA library and exclusive live UFC events and fights. We anticipate that an increase in mainstream sponsorships and licensing deals, which are also typically governed by long term contracts, will also positively impact Zuffa's revenue mix and help the company shift to a more diversified business model over the long run.

## GOOD GLOBAL GROWTH PROSPECTS AS A RESULT OF THE SPORT'S INCREASING POPULARITY

We expect Zuffa's growth prospects will be good going forward. In our view, this growth will come from the increased monetization of its content and brand through various distribution channels such as already contracted domestic TV rights, video game sales through its partnership with EA Sports which includes minimum guarantees, digital media, merchandising and greater PPV revenue splits. Over time, we anticipate the company will further benefit from higher TV content contracts when existing agreements expire given the strength of sports programming. Increased programming hours on television and broader viewership afforded by Fox should lead to a

steady increase in the popularity of MMA at the expense of boxing and professional wrestling. This should drive higher revenue from advertisers trying to reach its core 18 to 34 year old male customer base.

We believe that one of Zuffa's biggest growth opportunities is in international markets, where MMA has some of its strongest followers including in Japan, Brazil, and other Latin American and Western European countries. Moody's notes that Zuffa's events have a year round season and are not tied to specific teams (like other U.S. sports) and as a result the company has unique flexibility to grow internationally. UFC is expected to find an easier time spreading in Latin America, Europe and Asia, than other U.S. sports, and Zuffa is well positioned to capitalize on the expansion and increasing fan market share of the sport internationally. To that end, the company has been launching international versions of its successful The Ultimate Fighter program series in order to build its brand and fan base locally and recruit local talent. It has also signed several large multi-year TV programming agreements (such as those with Globo and Globosat in Brazil, and BT Sport in the UK), all of which will support its long term growth.

Currently, Zuffa has a putative class action lawsuit brought by current and former MMA fighters pending in the Federal District Court of Nevada alleging monopolistic behavior in MMA that has the potential to impact its profitability and operations. In May, 2015, the US Federal Trade Commission (FTC) opened a non-public investigation of the company; however, the FTC notified Zuffa by letter that it was closing the investigation on November 5, 2015.

LOW-FIXED COST MODEL PROVIDES OPERATING FLEXIBILITY RELATIVE TO OTHER MAJOR SPORTS

Zuffa's business model is unique as the company bears all production costs associated with its events unlike other sports entities and the company has fighter costs which have significant variable components. Guarantees and upfront bonuses are more rare, and termination clauses exist for weak performance (akin to the NFL). Compensation is closely tied to performance, and for certain marquee fighters, often by the success of the PPV event. In our opinion, the variability of fighter costs is a credit strength for Zuffa, with those costs being lower as a percentage of revenues than the player costs in other long established major sports leagues (NFL, MLB, NBA, NHL, and Premier League). These costs, largely fixed, are the single most significant cost for other teams/leagues and the primary reason why profits are low and deficits are not unusual. Zuffa's exposure to fighter costs is somewhat parallel to that of NASCAR, considering that both fighters and racing teams are independent contractors that have opportunities to generate their own sponsorship revenues, and which do not have a unionized workforce. There is a need for fighters that have a strong fan base and generate media interest such as Conor McGregor and Ronda Rousey to help drive revenue growth. A retirement by high profile fighters without a comparable replacement could impact growth rates.

Rising revenues and a lower risk structure has contributed to above average EBITDA margins. However, we also believe that as the sport is growing in terms of both revenues and popularity, like in other sports, its stars will demand greater compensation and costs will increase. We believe the characteristics of the business are well suited for higher scalability and believe the current management will be able to achieve higher pay per view splits and utilize its MMA events library, by leveraging off its digital media and website on-demand download capabilities for further organic growth with minimal cash outlays. Also in contrast to other sports entities, Zuffa neither owns nor leases arenas and therefore avoids typical building financing, capex, maintenance and remodeling costs, although it is currently building a new corporate headquarters in Las Vegas.

## Liquidity Analysis

Moody's anticipates that Zuffa will maintain an adequate liquidity profile over the next twelve months with a cash balance of $15 million and an undrawn $60 million revolving credit facility as of Q3 2015. However, revolver availability will be reduced as it's used to help fund the construction costs of its new headquarters. The revolver matures in February 2018 and is subject to a debt to EBITDA covenant of 5x when drawn (including swing line loans, letters of credit and/or revolver borrowings). The debt to EBITDA ratio as defined in the Credit Agreement was 3.53x as of Q3 2015. We anticipate the company will maintain a sufficient cushion of compliance. The term loan B is covenant lite and matures in February 2020 with $467 million outstanding as of Q3 2015. Interest coverage is strong at approximately 6x as of Q3 2015. We expect free cash flow will be used largely to pay dividends to shareholders ($51 million paid YTD through Q3 2015 and $44 million in 2014). A portion of the dividend is expected to be used to pay shareholder's taxes as the company operates as a LLC.


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## Structural Considerations

The current instrument ratings and the LGD assessments for the senior credit facility are based on a Ba3 CFR and a Ba3 Probability of Default Rating (PDR). Since there are no remedial covenants to protect lenders from weak operating performance as the facility's leverage covenant is only applicable when the revolver is drawn, the LGD methodology permits us to assign a 50% expected family recovery rate for Zuffa, LLC. The result is a Ba3 rating on the credit facilities. Even with its first lien priority, the facility is rated at the same level as the CFR due to it being the only debt instrument in the capital structure.

## Corporate Profile

Zuffa, LLC (Zuffa) d/b/a Ultimate Fighting Championship (UFC) is the world's leading promoter of mixed martial arts (MMA) sports competition events. MMA is an individual combat sport with international appeal, which combines techniques from various combat sports and martial arts, including boxing, karate, judo, jiu-jitsu, kickboxing, and wresting and is governed by the “Unified Rules of MMA”. Zuffa is privately owned and controlled by Lorenzo and Frank Fertitta. The company's President, Dana White, as well as Flash Entertainment, a live events organization owned by a division of the government of Abu Dhabi, maintain minority equity stakes. Revenues for the LTM period ended 9/30/2015 were $535 million.

## Rating Methodology and Scorecard Factors

Exhibit 1

| Business and Consumer Service Industry Grid [1][2] | Current LTM 9/30/2015 | | Moody's 12-18 Month Forward View [3] | |
|---|---|---|---|---|
| **Factor 1 : Scale (20%)** | **Measure** | **Score** | **Measure** | **Score** |
| a) Revenue (USD Billion) | B | B | B | B |
| **Factor 2 : Business Profile (20%)** | | | | |
| a) Demand Characteristics | Ba | Ba | Ba | Ba |
| b) Competitive Profile | Ba | Ba | Ba | Ba |
| **Factor 3 : Profitability (10%)** | | | | |
| a) EBITA Margin | Baa | Baa | Baa | Baa |
| **Factor 4 : Leverage and Coverage (40%)** | | | | |
| a) Debt / EBITDA | 3.5x | Ba | 3.5x | Ba |
| b) EBITA / Interest | Ba | Ba | | Ba |
| c) RCF / Net Debt | Ba | Ba | | Ba |
| **Factor 5 : Financial Policy (10%)** | | | | |
| a) Financial Policy | B | B | B | B |
| **Rating:** | | | | |
| a) Indicated Rating from Grid | | Ba3 | | Ba3 |
| b) Actual Rating Assigned | | Ba3 | | Ba3 |

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 9/30/2015(L);
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures

*Source: Moody's Financial Metrics™*

## Ratings

Exhibit 2

| Category | Moody's Rating |
|---|---|
| **ZUFFA, LLC** | |
| Outlook | Stable |
| Corporate Family Rating | Ba3 |

*Source: Moody's Investors Service*

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